Dunkiel Saunders
ELLIOTT | RAUBVOGEL | HAND

91 College Street, PO Box 545
Burlington, VT 05402-0545
**tel** 802.860.1003 | **fax** 802.860.1208
**www.dunkielsaunders.com**

Brian S. Dunkiel [+]
Eileen I. Elliott
Shawn Gordon * [◦]
Geoffrey H. Hand
John B. Kassel
Drew Kervick *
Alex "Sash" Lewis [°]
Kelly D. H. Lowry [▴]
Justin W. McCabe * [◦]
Elizabeth H. Miller
Andrew N. Raubvogel
Jonathan T. Rose
Zoë E. Sajor * [°]
Mark A. Saunders
Karen L. Tyler
Victoria M. Westgate

November 20, 2018

***Via ePUC and First Class Mail***

Ms. Judith Whitney, Clerk
Vermont Public Utility Commission
112 State Street, Drawer 20
Montpelier, Vermont 05620-2701

**Re: Case No. 18-0974-TF – Tariff filing of Green Mountain Power requesting a 5.45% increase in its base rates effective with bills rendered January 1, 2019, to be fully offset by bill credits through September 30, 2019**

Dear Ms. Whitney,

Green Mountain Power ("GMP") is in receipt of the public comment letter filed on November 19, 2018 with the Public Utility Commission ("Commission" or "PUC") in the 2019 Rate Case, and related dockets, and writes to respond briefly to the letter as requested by the PUC's order.

GMP disagrees with the unsubstantiated statements expressed in the letter. A careful review of the comments shows that they are factually inaccurate and also inconsistent with extensive, sworn testimony and record evidence already submitted to the Commission over the course of this proceeding.

As the Commission is well-aware, this is the second fully-litigated, traditional rate case GMP has filed in two years. Like the last one, this traditional rate case has been extensively litigated by the parties over the past seven months, using the process and procedures called for in contested proceedings before the Commission. The record demonstrates a thorough and open review.[1]

The Department of Public Service ("DPS" or "Department") conducted extensive and detailed discovery on GMP's petition, serving more than 230 written interrogatories and document production requests (over 500 when including subparts to each question), all of which were filed through ePUC and available on GMP's website. Both GMP and DPS prepared hundreds of pages of testimony. The Department submitted analysis from more than eight internal and external experts evaluating GMP's rate request, critiquing several aspects of GMP's initial rate request. For example, the Department's witnesses challenged capital spending on both specific projects and categories; disagreed with the inclusion of some of GMP's innovation projects in rate base; and raised concerns about three solar/storage projects GMP expects to complete within the rate period.

[1] The comment letter was also filed in related dockets including GMP's multi-year regulation plan docket (Case No. 18-1633-PET), rate design docket (18-2850-TF) and term contract proceeding (18-3160-PET). As is the case here, all of those proceedings have been subject to traditional review under standard PUC requirements for each type of case. GMP and DPS are fully litigating issues related to the regulation plan and customer class allocations, and there is no settlement between all of the parties in any of these proceedings. GMP's response to these comments is being filed in each of these dockets.

GMP revised its proposal to address a number of these concerns, again through a thoroughly litigated process involving significant discovery and testimony. The parties did not reach a settlement and conducted a technical hearing in October. GMP and DPS remain at odds over critical issues in this case, including the amount of capital spending that should occur in 2019 and the inclusion of innovation projects within the rate period.[2]

As the Commission knows, there has been no settlement between the parties post-hearing. The Department has maintained its position that an additional $25 million in spending should be removed in the 2019 rate period.[3] GMP does not support the extensive further cuts recommended by the Department and has outlined in its post-hearing brief why the remaining contested issues should be decided in GMP's favor. The Commission will ultimately resolve all of the issues presented in this matter.

The comments in the letter are also factually incorrect in many places. For example, with respect to the nine month rate period in this case, GMP explained in prefiled testimony, that it selected a nine-month rate period for this case to align the rate period with GMP's fiscal year period, instead of a calendar year period.[4] GMP's rates have typically been based on a fiscal year period, but due to the timing of the 2018 case, a calendar year period was used in that proceeding.[5] GMP proposed to return to the standard fiscal year period in this case so as to keep the rate period consistent with GMP's financial reporting period, which is based on a fiscal year ending September 30.[6] It is in customers' interest to keep rate periods aligned with GMP's fiscal year so that analysis and comparisons are straight-forward.

There is no basis to support the suggestion that this nine-month period was selected to make it appear that there would be no rate increase. Quite to the contrary, GMP has been clear in all of its filings, and all of its communications with customers, that while the tax credit will off-set rates during the nine-month period, the underlying rate increase (now requested at 5.43%) will continue after the rate period. The caption of the case itself notes that the increase is offset through September 30, 2019, and the customer notices regarding the proposal, which were approved by the Commission, similarly emphasized that the off-set only applied to the nine-month period. Commission staff asked GMP directly what would happen at the end of this nine-month period during the public workshop for the case, and GMP explained that the authorized base rate increase would continue after the tax credit dropped off.[7] The goal of returning the tax credit to customers over the first nine-month period was to get this money back to customers as soon as possible, as

---

[2] The "reductions" referred to by the commenter were adjustments made by DPS to correct errors or conform exhibits to testimony previously provided by DPS's witnesses, which were described in supplemental testimony and during the evidentiary hearing and supported by filings to the Commission after the hearing. Thomas supplemental prefiled (pf.) testimony at 4-7; 10/25/18 Tr. at 172-73; DPS brief at 4; Attachments 1-2 to DPS brief.

[3] DPS Brief at 3. The commenter refers to the less than $1M difference between the cost of service impact of the Department's position and GMP's but does not explain that the Department's position is based upon removing approximately $25M in capital from GMP's request – which represents a large percentage of the requested capital spending for the rate period and would be a significant decrease.

[4] Ryan pf. at 15.

[5] *Id.*

[6] *Id.*

[7] Tr. at 88 (7/13/18).

GMP clearly outlined in its original filing.[8] Through the further concessions made during the litigated rate case, customers will in fact see a greater bill credit than GMP initially filed.[9]

The comment letter also asserts that rates will actually be "at least 8%" after return of the tax credits. This is not correct. Rates will be limited to whatever rate the Commission approves in this proceeding, no higher than the GMP request of 5.43%. GMP cannot increase rates without PUC approval, and therefore whatever rate the Commission approves in this proceeding will be the base rate for GMP customers unless and until the PUC approves a future rate request.

With respect to the three Joint Venture Solar/Storage projects, the evidence in this case demonstrates that the regulatory approach proposed by GMP is entirely consistent with the approach approved by the PUC on other similar GMP solar projects.[10] The record also shows that these projects will provide real, tangible benefits for customers.[11] GMP's proposed methodology returns the benefits of the projects as quickly as possible to customers, which, in this case, results in reduced rates for customers, which is clearly in customers' interests. The overall rate reduction value of these projects is approximately 2.3%.[12] The resolution reached on these projects in the individual Section 248 permitting proceedings requires GMP to deliver the storage benefits it has projected and helps ensure that customers receive the anticipated benefits of the projects.[13]

In summary, there is no basis to rely on the anonymous comments offered in the November 19 letter. These unsupported statements are factually incorrect and conflict with the credible, record evidence presented in this case. GMP respectfully requests that the Commission issue a decision based on the substantial record evidence submitted in the proceeding.

Please let us know if the Commission requires anything further to aid its consideration of these matters.

Sincerely,

Geoffrey H. Hand, Esq.
DUNKIEL SAUNDERS ELLIOTT RAUBVOGEL AND HAND, PLLC
*Attorneys for Green Mountain Power*

[8] Ryan pf. at 13.
[9] Ryan rebuttal pf. at 2; Exh. GMP-ER-1 (Rev.)
[10] Ryan rebuttal pf. at 11.
[11] Shields pf. at 15-16; Shields rebuttal pf. at 2-8.
[12] Shields rebuttal pf. at 22.
[13] Winn surrebuttal pf. at 18-19; Exh. PSD-BEW-4.